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**CITY OF SAN JOAQUIN**  
**INDEPENDENT AUDITOR'S REPORT**  
**AND**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

Comb. Reports  
11/25/08

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**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and City Council  
City of San Joaquin, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Joaquin, California, (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2008, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The City has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States have determined is necessary to supplement, although not required to be part of, the financial statements. The Budgetary Comparison Information on pages 28 through 31 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of San Joaquin's basic financial statements. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



October 31, 2008

# CITY OF SAN JOAQUIN

## STATEMENT OF NET ASSETS JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 1,794,854	\$ 519,329	\$ 2,314,183
Accounts receivable	1,752,458	86,234	1,838,692
Notes receivable	1,855,946	-	1,855,946
Due from other funds	463,931	84,239	548,170
Capital assets (net of allowance for depreciation)	2,837,050	841,032	3,678,082
Total assets	<u>8,704,239</u>	<u>1,530,834</u>	<u>10,235,073</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expense	528,598	44,966	573,564
Accrued interest	21,954	3,252	25,206
Deposits	-	78,094	78,094
Due to other funds	548,170	-	548,170
Deferred revenue	2,268	-	2,268
Long-term liabilities			
Due within one year	59,500	15,500	75,000
Due in more than one year	1,221,000	229,000	1,450,000
Compensated absences	29,301	22,130	51,431
Total liabilities	<u>2,410,791</u>	<u>392,942</u>	<u>2,803,733</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,556,550	596,532	2,153,082
Restricted for debt service	661,673	-	661,673
Restricted for capital projects	153,777	475,580	629,357
Restricted for specific projects and programs	4,050,141	-	4,050,141
Unreserved and unrestricted/(deficit)	(128,693)	65,780	(62,913)
Total net assets/(deficit)	<u>\$ 6,293,448</u>	<u>\$ 1,137,892</u>	<u>\$ 7,431,340</u>

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008**

*See accompanying notes.*

# CITY OF SAN JOAQUIN

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2008

	General	Housing Assistance	Community Development	Community Redevelopment	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 1,019,879	\$ 1,799,526	\$ (1,259,612)	\$ (729,461)	\$ 964,522	\$ 1,794,854
Accounts receivable	41,752	3,461	1,654,701	-	52,544	1,752,458
Notes receivable	-	1,855,946	-	-	-	1,855,946
Due from other funds	463,931	-	-	-	-	463,931
Total assets	<u>\$ 1,525,562</u>	<u>\$ 3,658,933</u>	<u>\$ 395,089</u>	<u>\$ (729,461)</u>	<u>\$ 1,017,066</u>	<u>\$ 5,867,189</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable and accrued expense	\$ 95,754	\$ 24,480	\$ 392,971	\$ 986	\$ 14,407	\$ 528,598
Deferred revenue	-	-	2,268	-	-	2,268
Due to other funds	-	-	-	548,170	-	548,170
Total liabilities	<u>95,754</u>	<u>24,480</u>	<u>395,239</u>	<u>549,156</u>	<u>14,407</u>	<u>1,079,036</u>
Fund Balance						
Reserved for noncurrent receivables	-	1,855,946	-	-	-	1,855,946
Reserved for debt service	661,673	-	-	-	-	661,673
Reserved for capital projects	-	-	(150)	-	153,927	153,777
Reserved for housing funds	-	1,778,507	-	-	290,688	2,069,195
Reserved for legal fees	125,000	-	-	-	-	125,000
Unreserved and undesignated/(deficit)	643,135	-	-	(1,278,617)	558,044	(77,438)
Total fund balance	<u>1,429,808</u>	<u>3,634,453</u>	<u>(150)</u>	<u>(1,278,617)</u>	<u>1,002,659</u>	<u>4,788,153</u>
Total liabilities and fund balance	<u>\$ 1,525,562</u>	<u>\$ 3,658,933</u>	<u>\$ 395,089</u>	<u>\$ (729,461)</u>	<u>\$ 1,017,066</u>	<u>\$ 5,867,189</u>

See accompanying notes.

# CITY OF SAN JOAQUIN

## RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES JUNE 30, 2008

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Total governmental fund balances	\$ 4,788,153
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Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	2,837,050
Compensated absences are not due and payable in the current period and therefore are not reported in the funds	(29,301)
Interest on long-term debt is reported as an expenditure of the Governmental Funds when paid because it requires the use of current financial resources. However, accrued interest must be recorded when incurred	(21,954)
Governmental long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(1,280,500)</u>
Net assets of governmental activities	<u>\$ 6,293,448</u>



# CITY OF SAN JOAQUIN

## STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2008

	General	Housing Assistance	Community Development	Community Redevelopment	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>						
Taxes	\$ 317,475	\$ -	\$ -	\$ 625,600	\$ 193,137	\$ 1,136,212
Intergovernmental	516,156	102,409	2,320,161	-	434,702	3,373,428
Charges for services	3,355	-	-	-	-	3,355
Licenses, permits and impact fees	13,178	-	-	-	14,091	27,269
Fines and forfeitures	2,545	-	-	-	-	2,545
Interest and rent	30,540	134,999	572	1,044	22,721	189,876
Other	11,169	-	-	-	-	11,169
Total revenue	894,418	237,408	2,320,733	626,644	664,651	4,743,854
<b>Expenditures</b>						
Current						
General government	311,743	-	-	-	-	311,743
Public safety	72,379	-	-	-	100,253	172,632
Public works and development	300,735	27,178	2,263,576	98,836	207,444	2,897,769
Parks and recreation	92,299	-	-	-	-	92,299
Low income assistance	-	-	-	-	31,323	31,323
Tax pass-through	-	-	-	374,427	-	374,427
Capital outlay	26,310	519,264	429,956	-	5,149	980,679
Debt service						
Principal	48,000	-	-	-	-	48,000
Interest and other charges	132,238	-	-	-	-	132,238
Total expenditures	983,704	546,442	2,693,532	473,263	344,169	5,041,110
Revenue over/(under) expenditures	(89,286)	(309,034)	(372,799)	153,381	320,482	(297,256)
<b>Other Financing Sources/(Uses)</b>						
Transfers in/(out)	(146,471)	32,280	346,613	-	(232,422)	-
<b>Change in Fund Balance</b>	(235,757)	(276,754)	(26,186)	153,381	88,060	(297,256)
<b>Fund Balance</b>						
Beginning of year	1,665,565	3,911,207	26,036	(1,431,998)	914,599	5,085,409
End of year	1,429,808	3,634,453	(150)	(1,278,617)	1,002,659	4,788,153

See accompanying notes.

## CITY OF SAN JOAQUIN

### RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2008

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Net change in fund balance - total governmental funds	\$ (297,256)
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Amounts reported for governmental activities in the statement of activities are different because:

Depreciation expense on capital assets is reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not required as expenditures in Governmental Funds	(67,776)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities and Changes in Net Assets the cost of those assets are capitalized as an asset and depreciated over the period of service	980,679
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Compensated absence costs in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in Governmental Funds	(4,153)
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In the Statement of Activities interest is accrued on long-term debt, whereas, in governmental funds interest expenditure is reported when due	4,831
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Repayment of long-term debt is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Proceeds of long-term debt produces an opposite effect.	<u>48,000</u>
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Change in net assets of governmental activities	<u>\$ 664,325</u>
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# CITY OF SAN JOAQUIN

## STATEMENT OF NET ASSETS – PROPRIETARY FUNDS JUNE 30, 2008

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total Business-Type Funds
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and investments	\$ 376,707	\$ 84,234	\$ 58,388	\$ 519,329
Accounts receivable	42,750	27,141	16,343	86,234
Due from other funds	-	-	84,239	84,239
Total current assets	<u>419,457</u>	<u>111,375</u>	<u>158,970</u>	<u>689,802</u>
<b>Non-current assets</b>				
Property, plant and equipment (net of allowance for depreciation)	<u>241,036</u>	<u>599,996</u>	<u>-</u>	<u>841,032</u>
Total noncurrent assets	<u>241,036</u>	<u>599,996</u>	<u>-</u>	<u>841,032</u>
Total assets	<u>\$ 660,493</u>	<u>\$ 711,371</u>	<u>\$ 158,970</u>	<u>\$ 1,530,834</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expense	\$ 15,020	\$ 14,048	\$ 19,150	\$ 48,218
Deposits	78,094	-	-	78,094
Compensated absences	9,797	9,797	2,536	22,130
Current portion of long-term debt	<u>7,750</u>	<u>7,750</u>	<u>-</u>	<u>15,500</u>
Total current liabilities	<u>110,661</u>	<u>31,595</u>	<u>21,686</u>	<u>163,942</u>
<b>Deferred Liabilities</b>				
Long-term debt	<u>114,500</u>	<u>114,500</u>	<u>-</u>	<u>229,000</u>
Total liabilities	<u>225,161</u>	<u>146,095</u>	<u>21,686</u>	<u>392,942</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	118,786	477,746	-	596,532
Reserved for capital projects	187,898	287,682	-	475,580
Unrestricted/(deficit)	<u>128,648</u>	<u>(200,152)</u>	<u>137,284</u>	<u>65,780</u>
Total net assets	<u>\$ 435,332</u>	<u>\$ 565,276</u>	<u>\$ 137,284</u>	<u>\$ 1,137,892</u>

# CITY OF SAN JOAQUIN

## STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN FUND NET ASSETS – PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2008

	Business-Type Activities - Enterprise Funds			Total Business-Type Funds
	Water	Sewer	Disposal	
<b>Operating Revenue</b>				
Charges for services	\$ 319,826	\$ 256,976	\$ 248,648	\$ 825,450
Connection and impact fees	4,774	5,289	-	10,063
Total operating revenue	<u>324,600</u>	<u>262,265</u>	<u>248,648</u>	<u>835,513</u>
<b>Operating Expense</b>				
Contractual services and utilities	109,016	66,340	241,767	417,123
Personnel	124,800	124,742	36,291	285,833
Supplies and materials	50,965	43,771	17,009	111,745
Depreciation	15,583	33,447	-	49,030
Total operating expense	<u>300,364</u>	<u>268,300</u>	<u>295,067</u>	<u>863,731</u>
Operating income/(loss)	<u>24,236</u>	<u>(6,035)</u>	<u>(46,419)</u>	<u>(28,218)</u>
<b>Nonoperating Revenue/(Expense)</b>				
Intergovernmental	-	-	5,000	5,000
Interest income	7,380	3,681	1,644	12,705
Interest expense	(9,518)	(9,518)	-	(19,036)
Total nonoperating revenue/(expense)	<u>(2,138)</u>	<u>(5,837)</u>	<u>6,644</u>	<u>(1,331)</u>
Net income/(loss) before transfers	22,098	(11,872)	(39,775)	(29,549)
<b>Operating Transfers In/(Out)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	<u>22,098</u>	<u>(11,872)</u>	<u>(39,775)</u>	<u>(29,549)</u>
<b>Net Assets</b>				
Beginning of year	413,234	577,148	177,059	1,167,441
End of year	<u>\$ 435,332</u>	<u>\$ 565,276</u>	<u>\$ 137,284</u>	<u>\$ 1,137,892</u>

# CITY OF SAN JOAQUIN

## STATEMENT OF CASH FLOW - PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2008

	Business-Type Activities - Enterprise Funds			Total Business-Type Funds
	Water	Sewer	Disposal	
<b>Operating Activities</b>				
Receipts from customers and users	\$ 333,389	\$ 269,214	\$ 253,171	\$ 855,774
Payments for contractual services and utilities	(109,736)	(78,218)	(242,482)	(430,436)
Payments to employees	(121,030)	(120,972)	(34,576)	(276,578)
Payments to suppliers	(50,965)	(43,771)	(17,009)	(111,745)
Net cash provided by (used in) operating activities	51,658	26,253	(40,896)	37,015
<b>Capital and Related Financing Activities</b>				
Proceeds from intergovernment	-	-	5,000	5,000
Purchase of property, plant and equipment	(16,500)	(20,834)	-	(37,334)
Principal paid on long-term debt	(6,000)	(6,000)	-	(12,000)
Interest paid on long-term debt	(9,518)	(9,518)	-	(19,036)
Net cash provided by (used in) capital and related financing activities	(32,018)	(36,352)	5,000	(63,370)
<b>Investing Activities</b>				
Interest received	7,380	3,681	1,644	12,705
Net cash provided by (used in) investing activities	7,380	3,681	1,644	12,705
<b>Net Increase (Decrease) in Cash</b>	27,020	(6,418)	(34,252)	(13,650)
<b>Cash</b>				
Beginning of year	349,687	90,652	92,640	532,979
End of year	\$ 376,707	\$ 84,234	\$ 58,388	\$ 519,329
<b>Cash Flows from Operating Activities</b>				
Operating income (loss)	\$ 24,236	\$ (6,035)	\$ (46,419)	\$ (28,218)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	15,583	33,447	-	49,030
(Increase) Decrease in Accounts Receivable	7,049	6,949	4,523	18,521
Increase (Decrease) in Accounts Payable and Accrued Liabilities	4,790	(8,108)	1,000	(2,318)
<b>Net Cash Provided by Operating Activities</b>	\$ 51,658	\$ 26,253	\$ (40,896)	\$ 37,015

# CITY OF SAN JOAQUIN

## STATEMENT OF NET ASSETS – FIDUCIARY FUNDS JUNE 30, 2008

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 51,727
Total assets	<u>51,727</u>
<b>LIABILITIES</b>	
Agency liabilities	<u>51,727</u>
Total liabilities	<u>51,727</u>
 Total net assets	 <u>\$ -</u>

# **CITY OF SAN JOAQUIN**

## **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008**

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### **Note 1 – Summary of Significant Accounting Policies**

The financial statements of the City of San Joaquin (the City) have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

These financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and data from these units is combined with data of the primary government. Each blended component unit has a June 30 fiscal year end. There are no discretely presented component units included in these financial statements. The following sections further describe the significant accounting policies of the City.

#### **Reporting Entity**

The City of San Joaquin, State of California (the "City"), was incorporated February 14, 1920. The City operates under a Council-Manager form of government. The City's major operations include public safety; highways and streets; water, sewer and refuse collection; parks and recreation; building inspection; public improvements; planning and zoning, and general administrative services.

Included in this report is the San Joaquin Redevelopment Agency (the Agency). The Agency was established in 1991 to administer the City's redevelopment activities and projects. Members of the City Council automatically sit as the Agency Board, the City Manager is appointed as Executive Director with the City staff providing all support services. Currently the Agency/City legislative meetings are held concurrently. The annual financial statements for the Agency for the fiscal year ended June 30, 2008 can be obtained through the City's Finance Department.

The City and Agency are members of the Central California Public Financing Authority, Jensen Ranch Public Financing Authority, Four Corners Public Financing Authority and Sierra Nevada Public Financing Authority. The debt issued by these authorities does not constitute a charge against the general credit of the City and, in accordance with Interpretation No. 2 of the GASB, "Disclosure of Conduit Debt" is not included in these financial statements.

#### **Basis of Presentation – Fund Accounting**

**Government-Wide Financial Statements** - The Government-Wide Financial Statements (the Statement of Net Assets and the Statement of Activities and Changes in Net Assets) report information of all of the nonfiduciary activities of the primary government and its component units. For the most part, eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City and between the City and its discretely presented component unit. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely significantly on fees charged to external parties.

# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Note 1 – Summary of Significant Accounting Policies (Continued)

The Statement of Activities and Changes in Net Assets presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**Governmental Fund Financial Statements** - The Governmental Fund Financial Statements provide information about the City's funds, including fiduciary funds and the blended component unit. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

*General Fund* – The General Fund is the general operating fund of the City. It is used for all financial resources except those required legally, or by sound financial management to be accounted for in another fund. Generally, the General Fund is used to account for those traditional governmental services of the City, such as police and fire protection, planning and general administrative services.

*Housing Assistance Fund* – The Housing Assistance Fund was established to account for the monies received from various sources which are to be used for down payment loans for home buyers that meet certain requirements.

*Community Development Fund* – The Community Development Fund was established to account for the monies received from various sources which are to be used for the construction of various projects.

*Community Redevelopment Fund* – The Community Redevelopment Fund was established to account for the funding of planning, administration, and operations of the Redevelopment Agency.

The City reports the following additional fund types:

*Agency Funds* - The Agency Funds account for assets held by the City as an agent for various local governments or other entities.



# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Note 1 – Summary of Significant Accounting Policies (Continued)

#### **Basis of Accounting**

The Government-Wide and Proprietary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For its government-wide activities and Enterprise Funds, the City has elected under GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating.

#### **Financial Statement Amounts**

*Cash and Investments* - Cash and investments represent the City's cash bank accounts including but not limited to certificates of deposit, money market funds and cash management pools for reporting purposes in the Statement of Cash Flows. Additionally, investments with maturities of three months or less when purchased are included as cash equivalents in the Statement of Cash Flows.

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings as a result of this pooling are distributed to the appropriate funds based on month end cash balances in each fund.

# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Note 1 – Summary of Significant Accounting Policies (Continued)

Investments of the pool include only those investments authorized by the California Government Code such as, United States Treasury securities, agencies guaranteed by the United States Government, registered state warrants, and other investments. Investments primarily consist of deposits in the State of California Local Agency Investment Fund. Investments are stated at cost or amortized cost.

Investments of the pool include only those investments authorized by the California Government Code such as, United States Treasury securities, agencies guaranteed by the United States Government, registered state warrants, and other investments. Investments primarily consist of deposits in the State of California Local Agency Investment Fund. Investments are stated at cost or amortized cost.

*Accounts Receivable* - Billed but unpaid services provided to individuals or non-governmental entities are recorded as accounts receivable. The Proprietary Funds include a year end accrual for services through June 30, 2008, which have not yet been billed.

Fresno County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is March 1 of each year. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after year end. Property tax on the unsecured roll are due on the March 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year end accrual.

The City is permitted by Article XIII A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1.00 per \$100 of full cash value.

*Interfund Receivables/Payables* - Items classified as interfund receivable/payable represent short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund.

*Advances To/From Other Funds* - This classification represents non-current portions of any long-term lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and therefore, is not available for appropriation. The current portion of any interfund long-term loan (advance) is included as an interfund receivable/payable.

*Capital Assets* - Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the Government-Wide Financial Statements to the extent the City's capitalization threshold is met.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-Wide Financial Statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Note 1 – Summary of Significant Accounting Policies (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

	Years
Buildings	40
Improvements other than buildings	40
Utility plant	40
Furniture and equipment	7
Automobiles and trucks	5

*Compensated Absences* - It is the City's policy to permit all employees to accumulate earned but unused vacation, sick leave and compensatory time benefits. Those employees on shift work schedules may also accumulate hours for holiday time benefits.

Vested or accumulated vacation, holiday, sick leave and any compensation time on the Governmental Funds are not expected to be paid with expendable available financial resources and are reported in the Government-Wide Financial Statements.

Vested leave of Proprietary Funds are recorded as an expense and liability as the benefits accrue.

*Long-Term Obligations* - In the Government-Wide Financial Statements, and Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type Statement of Net Assets. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, however, debt principal payments of Governmental Funds are recognized as expenditures when paid. Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Note 1 – Summary of Significant Accounting Policies (Continued)

*Non-Current Governmental Assets/Liabilities* - GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the Government-Wide Statement of Net Assets.

*Pension Plan* - All full-time City employees are members of the State of California Public Employees' Retirement System. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually as of July 1 by the System's actuary. See note 6 for further discussion.

*Bond Discount and Issuance Costs* - For governmental funds, bond discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures. For business-type funds, bond discounts, as well as issuance costs, are deferred and amortized over the life, of the bonds. Bonds payable are reported net of applicable bond discounts. Issuance costs are reported as deferred charges.

*Net Assets/Fund Equity* - The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* - This category presents external restrictions on net assets imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* - This category represents net assets of the City, not restricted for any project or other purpose.

*Use of Estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Note 2 – Stewardship, Compliance and Accountability

California law authorizes the City to invest in obligations of the United States Treasury, agencies and instrumentalities, certificates of deposit or time deposits in banks and savings and loan associations which are insured by the Federal Deposit Insurance Corporation.

In accordance with applicable sections of the California Government Code and the San Joaquin Municipal Code, the City prepares and legally adopts an annual balanced budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, specific Special Revenue Funds, and specific Capital Projects Funds. Budget plans are adopted for Proprietary Funds. A proposed budget is presented to the City Council during June of each year for review. The Council holds public hearings and may add to, subtract from, or change appropriations within the revenues and reserves estimated as available. Expenditures may not legally exceed budgeted appropriations at the fund level. Supplementary appropriations which alter the total expenditures of any fund, or expenditures in excess of total budgeted fund appropriations, must be approved by the City Council.

All annual appropriations lapse at fiscal year end to the extent they have not been expended or encumbered.

### Note 3 – Cash and Investments

The City pools all of its cash and investments except those funds required to be held by outside fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash is allocated to the various funds on average cash balances. Interest income from cash investments held with fiscal agents is credited directly to the related funds.

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Cash and Investments	\$ 2,314,183
Fiduciary Funds:	
Cash and Investments	51,727
Total Cash and Investments	<u>\$ 2,365,910</u>

# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

### Note 3 – Cash and Investments (Continued)

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 400
Deposits with Financial Institutions	1,313,808
Local Agency Investment Fund	1,031,842
Held by Fiscal Agent:	
Cash	13,307
Corporate Obligations	6,553
Total Cash and Investments	<u>\$ 2,365,910</u>

### Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Note 3 – Cash and Investments (Continued)

#### Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Certificates of Deposits	1 year	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Municipal Bonds	None	None	None

#### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2008 the City had the following investments.

Investment Type		Maturity Date
Local Agency Investment Fund	\$ 1,031,842	N/A
Held by Bond Trustee:		
Cash	13,307	N/A
Corporate Obligations	6,553	N/A
Total	<u>\$ 1,051,702</u>	

# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Note 3 – Cash and Investments (Continued)

#### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type		Minimum	Rating as of Year End
		Legal Rating	Not Rated
Local Agency Investment Fund	\$ 1,031,842	N/A	\$ 1,031,842
Held by Bond Trustee:			
Cash	13,307	N/A	13,307
Corporate Obligations	<u>6,553</u>	N/A	<u>6,553</u>
Total	<u>\$ 1,051,702</u>		<u>\$ 1,051,702</u>

#### Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total City investments.

#### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.



# **CITY OF SAN JOAQUIN**

## **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008**

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### **Note 3 – Cash and Investments (Continued)**

\$1,011,209 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

#### **Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

### Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008
<b><u>Governmental Activities</u></b>				
Capital assets, not being depreciated				
Land	\$ 147,000	\$ -	\$ -	\$ 147,000
Construction in progress	554,171	949,220	(608,497)	894,894
Total capital assets, not being depreciated	<u>701,171</u>	<u>949,220</u>	<u>(608,497)</u>	<u>1,041,894</u>
Capital assets, being depreciated				
Buildings and improvements	1,388,655	5,149	-	1,393,804
Infrastructure	-	608,497	-	608,497
Machinery and equipment	416,656	26,310	-	442,966
Total capital assets, being depreciated	<u>1,805,311</u>	<u>639,956</u>	<u>-</u>	<u>2,445,267</u>
Less accumulated depreciation for:				
Buildings and improvements	(267,573)	(36,292)	-	(303,865)
Infrastructure	-	(7,606)	-	(7,606)
Machinery and equipment	(314,762)	(23,878)	-	(338,640)
Total accumulated depreciation	<u>(582,335)</u>	<u>(67,776)</u>	<u>-</u>	<u>(650,111)</u>
Total capital assets, being depreciated, net	<u>1,222,976</u>	<u>572,180</u>	<u>-</u>	<u>1,795,156</u>
Governmental activities capital assets, net	<u>\$ 1,924,147</u>	<u>\$ 1,521,400</u>	<u>\$ (608,497)</u>	<u>\$ 2,837,050</u>
<b><u>Business-Type Activities</u></b>				
Capital assets, not being depreciated				
Land	\$ 55,006	\$ -	\$ -	\$ 55,006
Construction in progress	169,328	45,147	(40,813)	173,662
Total capital assets, not being depreciated	<u>224,334</u>	<u>45,147</u>	<u>(40,813)</u>	<u>228,668</u>
Capital assets, being depreciated				
Plant and equipment	1,649,967	33,000	-	1,682,967
Total capital assets, being depreciated	<u>1,649,967</u>	<u>33,000</u>	<u>-</u>	<u>1,682,967</u>
Less: accumulated depreciation	<u>(1,021,573)</u>	<u>(49,030)</u>	<u>-</u>	<u>(1,070,603)</u>
Total capital assets, being depreciated, net	<u>628,394</u>	<u>(16,030)</u>	<u>-</u>	<u>612,364</u>
Business-type activities capital assets, net	<u>\$ 852,728</u>	<u>\$ 29,117</u>	<u>\$ (40,813)</u>	<u>\$ 841,032</u>

# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

### Note 4 – Capital Assets (Continued)

Depreciation and amortization expense were charged to the following functions in the Statement of Activities:

#### Governmental Functions:

General Government	\$	42,006
Public Works and Development		25,770
	\$	<u>67,776</u>

#### Business-Type Functions:

Water	\$	15,583
Sewer		33,447
	\$	<u>49,030</u>

### Note 5 – Long-Term Debt

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008	Current Portion
<b><u>Governmental Activity Long Term Debt</u></b>					
Capital Lease	\$ 256,500	\$ -	\$ (256,500)	\$ -	\$ -
Public Finance Authority Bonds					
92-1 and 92-2	1,072,000	256,500	(48,000)	1,280,500	59,500
Total Governmental Activity Debt	<u>\$ 1,328,500</u>	<u>\$ 256,500</u>	<u>\$ (304,500)</u>	<u>\$ 1,280,500</u>	<u>\$ 59,500</u>
<b><u>Business-Type Activity Long Term Debt</u></b>					
Capital Leases					
Water and Sewer	\$ 256,500	\$ -	\$ (12,000)	\$ 244,500	\$ 15,500
Total Business-Type Activity Debt	<u>\$ 256,500</u>	<u>\$ -</u>	<u>\$ (12,000)</u>	<u>\$ 244,500</u>	<u>\$ 15,500</u>
<b><u>Compensated Absences</u></b>					
Government Activities	<u>\$ 25,148</u>	<u>\$ 4,153</u>	<u>\$ -</u>	<u>\$ 29,301</u>	
Business-Type Activities	<u>\$ 12,875</u>	<u>\$ 9,255</u>	<u>\$ -</u>	<u>\$ 22,130</u>	

# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Note 5 – Long-Term Debt (Continued)

**Capital Lease Payable** - In 1992 the City entered into a capital lease agreement with the San Joaquin Redevelopment Agency for \$355,000 in regards to various municipal improvement projects and refundings. Interest on the lease is 7.9 percent. The Agency financed this lease and the 1992 Water and Sewer Lease through the issuance of \$710,000 in Certificates of Participation secured by the lease revenue. As the primary government has assumed responsibility for repayment and in order to avoid duplication, this debt is solely reported by the primary government. As this capital lease is related to the Public Finance Authority bonds, the principal amounts have been combined into one debt obligation.

**Public Finance Authority** – The City has assumed full responsibility for the payment of two revenue bonds issued by the San Joaquin Public Finance Authority. The bonds were issued in 1993 to fund several special assessment districts and the General, Water and Sewer capital leases. As these funds are reporting their proportionate share of the debt, the remaining portion is reported as a general City obligation. Interest on the bonds range between 7.6% and 8% with final payment on the Series 1992 A in 2012 and on Series 1992 in 2022. The current total outstanding balance is \$240,000 and \$1,285,000, respectively.

**Capital Lease Payable** – The water and sewer funds equally entered into a capital lease agreement in 1992 for \$355,000 in regards to various improvement projects. Interest on the lease is 7.9 percent.

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2008 are as follows:

Years ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 59,500	\$ 99,153	\$ 15,500	\$ 18,900
2010	59,500	94,501	15,500	17,676
2011	63,500	89,663	16,500	16,412
2012	70,000	84,445	15,000	15,160
2013	215,000	73,360	15,000	13,960
2014-2018	330,000	262,200	85,000	50,800
2019-2022	483,000	101,320	82,000	13,360
	<u>\$ 1,280,500</u>	<u>\$ 804,642</u>	<u>\$ 244,500</u>	<u>\$ 146,268</u>

### Note 6 – Special Assessment Debt

The City is acting in an agency capacity in respect to the 1998-1 Special Assessment District bonds. The City is not obligated in any way for repayment of the debt, which is currently in default. Transactions relating to this district are reported as an agency fund in the Statement of Net Assets – Fiduciary Funds.

# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Note 7 – Pension Plan

**Plan Description** - The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

**Funding Policy** - Participants are required to contribute seven percent of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 7.861 percent for non-safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

**Annual Pension Cost** - For the year ended June 30, 2008, the City's annual pension cost of \$66,998 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service and (c) 3.0 percent per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.25 percent. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis.

#### THREE-YEAR TREND INFORMATION FOR PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2006	46,989	100%	-
June 30, 2007	57,170	100%	-
June 30, 2008	66,998	100%	-

A new State law authorized the creation of risk pools by PERS and required mandatory participation of small employers to help reduce large fluctuations in their contribution rates. The City is now required to participate in the risk pool. Under this pooling method, assets and liabilities of the participant employers are aggregated. As such, individual employer's retirement data is no longer available.

### Note 8 – Concentrations

The San Joaquin Redevelopment Agency owes the City \$1,277,631 from interfund advances or cash pool overdrafts. Should the Agency be unable to repay the City debt in the future, this would create substantial financial difficulties for the City.

# CITY OF SAN JOAQUIN

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2008

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### Note 9 – Risk Management

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first \$1,000,000 of each general liability claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$50,000. The CSJVRMA purchases excess reinsurance from \$1,000,000 to \$15,000,000.

The CSJVRMA is a consortium of 57 cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500, et. seq. The CSJVRMA is governed by a Board of Directors, which meets three to four times each year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA. The financial statements of CSJVRMA can be obtained at 1831 K Street, Sacramento, CA 95814.

### Note 10 – Contingencies

**Federal and State Government Programs** - The City participates in several federal and state grant programs. These programs have been audited, as needed, in accordance with the provisions of the federal Single Audit Act of 1984 and applicable state requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**Public Financing Authorities** – The City of San Joaquin is a member in the following public financing authorities: Central California Public Financing Authority, Jensen Ranch Public Financing Authority, Four Corners Public Financing Authority, and Sierra Nevada Public Financing Authority. These authorities were created under the Marks-Roos Local Bond Pooling Act of 1985. Their purpose is to assist in the financing of public capital improvements. These authorities have issued over sixty million dollars in bonds.

As described in Note 1, the debt issued by these entities and the related debt service activity is not recorded in these financial statements because the City has no obligation for debt repayment.

Various governmental and regulatory agencies, including the Securities and Exchange Commission, the California Debt Advisory Commission, the California State Auditor and the Internal Revenue Service have conducted or are currently conducting investigations of bonds issued by these public financing authorities. The investigations have focused on payments made to the City for their participation in the issuance of the bonds. Furthermore, the Attorney General of the State of California has issued a legal opinion that brings into question the legality of the financing authorities' structure. The California State Auditor completed an audit of these financing authorities and questioned amounts received by the City for their participation in these financing authorities.

The management of the City and their legal counsel believe that the financing authorities were properly established and that payments made to the City complied with any relevant legal requirements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF SAN JOAQUIN

## BUDGETARY COMPARISON SCHEDULE

### GENERAL FUND

YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ Negative
	Original	Final	Amounts	
<b>Revenue</b>				
Taxes	\$ 280,700	\$ 280,700	\$ 317,475	\$ 36,775
Intergovernmental	250,000	250,000	516,156	266,156
Charges for services	35,000	35,000	3,355	(31,645)
Licenses, permits and impact fees	164,700	164,700	13,178	(151,522)
Fines and forfeitures	8,000	8,000	2,545	(5,455)
Interest and rents	28,000	28,000	30,540	2,540
Other	16,500	16,500	11,169	(5,331)
Total revenue	782,900	782,900	894,418	111,518
<b>Expenditures</b>				
Current				
General government	298,041	298,041	311,743	(13,702)
Public safety	93,500	93,500	72,379	21,121
Public works and development	193,252	193,252	300,735	(107,483)
Parks and recreation	121,987	121,987	92,299	29,688
Capital outlay	267,050	267,050	26,310	240,740
Debt service		-		
Principle	24,000	24,000	48,000	(24,000)
Interest and other charges	121,802	121,802	132,238	(10,436)
Total expenditures	1,119,632	1,119,632	983,704	135,928
Revenue over (under)expenditures	(336,732)	(336,732)	(89,286)	247,446
<b>Other Financing Sources/(Uses)</b>				
Transfers in/(out)	-	-	(146,471)	(146,471)
<b>Net Change in Fund Balance</b>	<u>\$ (336,732)</u>	<u>\$ (336,732)</u>	(235,757)	<u>\$ 100,975</u>
<b>Fund Balance</b>				
Beginning of year			1,665,565	
End of year			\$ 1,429,808	



# CITY OF SAN JOAQUIN

## BUDGETARY COMPARISON SCHEDULE HOUSING ASSISTANCE FUND YEAR ENDED JUNE 30, 2008

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive/ (Negative)</b>
<b>Revenue</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 102,409	\$ 2,409
Interest and rents	94,000	94,000	134,999	40,999
Total revenue	194,000	194,000	237,408	43,408
<b>Expenditures</b>				
Current				
Public works and development	-	-	27,178	(27,178)
Capital outlay	674,305	674,305	519,264	155,041
Total expenditures	674,305	674,305	546,442	127,863
Revenue over (under)expenditures	(480,305)	(480,305)	(309,034)	171,271
<b>Other Financing Sources/(Uses)</b>				
Transfers in/(out) - net	-	-	32,280	32,280
<b>Change in Fund Balance</b>	<b>\$ (480,305)</b>	<b>\$ (480,305)</b>	<b>(276,754)</b>	<b>\$ 203,551</b>
<b>Fund Balance</b>				
Beginning of year			3,911,207	
End of year			<u>\$ 3,634,453</u>	

# CITY OF SAN JOAQUIN

## BUDGETARY COMPARISON SCHEDULE COMMUNITY DEVELOPMENT FUND YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenue</b>				
Intergovernmental	\$ 466,300	\$ 466,300	\$ 2,320,161	\$ 1,853,861
Interest	-	-	572	572
Total revenue	<u>466,300</u>	<u>466,300</u>	<u>2,320,733</u>	<u>1,854,433</u>
<b>Expenditures</b>				
Current				
Public works and development	70,000	70,000	2,263,576	(2,193,576)
Capital outlay	<u>396,300</u>	<u>396,300</u>	<u>429,956</u>	<u>(33,656)</u>
Total expenditures	<u>466,300</u>	<u>466,300</u>	<u>2,693,532</u>	<u>(2,227,232)</u>
Revenue over (under)expenditures	-	-	(372,799)	(372,799)
<b>Other Financing Sources/(Uses)</b>				
Transfers in/(out)	<u>-</u>	<u>-</u>	<u>346,613</u>	<u>346,613</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(26,186)</u>	<u>\$ (26,186)</u>
<b>Fund Balance</b>				
Beginning of year			<u>26,036</u>	
End of year			<u>\$ (150)</u>	

# CITY OF SAN JOAQUIN

## BUDGETARY COMPARISON SCHEDULE COMMUNITY REDEVELOPMENT FUND YEAR ENDED JUNE 30, 2008

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive/ (Negative)</b>
<b>Revenue</b>				
Taxes	\$ 685,000	\$ 685,000	\$ 625,600	\$ (59,400)
Interest	-	-	1,044	1,044
Total revenue	<u>685,000</u>	<u>685,000</u>	<u>626,644</u>	<u>(58,356)</u>
<b>Expenditures</b>				
Current				
Community redevelopment	206,675	206,675	98,836	107,839
Tax pass-through	<u>300,000</u>	<u>300,000</u>	<u>374,427</u>	<u>(74,427)</u>
Total expenditures	<u>506,675</u>	<u>506,675</u>	<u>473,263</u>	<u>33,412</u>
Revenue over (under)expenditures	178,325	178,325	153,381	(24,944)
<b>Other Financing Sources/(Uses)</b>				
Transfers in/(out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 178,325</u>	<u>\$ 178,325</u>	153,381	<u>\$ (24,944)</u>
<b>Fund Balance</b>				
Beginning of year			(1,431,998)	
End of year			<u>\$ (1,278,617)</u>	

## **SUPPLEMENTAL ONLY INFORMATION**

**CITY OF SAN JOAQUIN**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2008**

	Low-Moderate Housing	Public Safety	Gas Tax	Local Transportation	Measure C	Impact Fees	Landscape Maintenance	Total Non-major Governmental Funds
<b>ASSETS</b>								
Cash and investments	\$ 290,141	\$ 94,978	\$ 140,589	\$ 164,682	\$ 9,148	\$ 153,467	\$ 111,517	\$ 964,522
Accounts receivable	547	238	21,906	20,643	7,314	460	1,436	52,544
Total assets	\$ 290,688	\$ 95,216	\$ 162,495	\$ 185,325	\$ 16,462	\$ 153,927	\$ 112,953	\$ 1,017,066
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities</b>								
Accounts payable and accrued expense	\$ -	\$ 8,333	\$ 2,395	\$ 3,141	\$ 351	\$ -	\$ 187	\$ 14,407
Total liabilities	-	8,333	2,395	3,141	351	-	187	14,407
<b>Fund Balance</b>								
Reserved for capital projects	-	-	-	-	-	153,927	-	153,927
Reserved for housing funds	290,688	-	-	-	-	-	-	290,688
Unreserved, undesignated	-	86,883	160,100	182,184	16,111	-	112,766	558,044
Total fund balance	290,688	86,883	160,100	182,184	16,111	153,927	112,766	1,002,659
Total liabilities and fund balance	\$ 290,688	\$ 95,216	\$ 162,495	\$ 185,325	\$ 16,462	\$ 153,927	\$ 112,953	\$ 1,017,066

# CITY OF SAN JOAQUIN

## COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2008

	Low-Moderate Housing	Public Safety	Gas Tax	Local Transportation	Measure C	Impact Fees	Landscape Maintenance	Non-major Governmental Funds	Total
<b>Revenue</b>									
Taxes	\$ 169,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,783	\$ 193,137	
Intergovernmental	-	100,000	71,726	92,123	170,853	-	-	434,702	
Licenses, permits and impact fees	-	-	-	-	-	14,091	-	14,091	
Interest	4,185	2,471	3,436	3,812	2,881	3,710	2,226	22,721	
<b>Total revenue</b>	<u>173,539</u>	<u>102,471</u>	<u>75,162</u>	<u>95,935</u>	<u>173,734</u>	<u>17,801</u>	<u>26,009</u>	<u>664,651</u>	
<b>Expenditures</b>									
Current									
Public safety	-	100,253	-	-	-	-	-	100,253	
Public works and development	-	-	75,040	79,390	41,997	-	11,017	207,444	
Low income assistance	31,323	-	-	-	-	-	-	31,323	
Capital outlay	-	-	-	-	-	5,149	-	5,149	
<b>Total expenditures</b>	<u>31,323</u>	<u>100,253</u>	<u>75,040</u>	<u>79,390</u>	<u>41,997</u>	<u>5,149</u>	<u>11,017</u>	<u>344,169</u>	
Revenue over (under) expenditures	142,216	2,218	122	16,545	131,737	12,652	14,992	320,482	
<b>Other financing sources/(uses)</b>									
Operating transfers in/(out) - net	-	-	-	(62,495)	(170,580)	653	-	(232,422)	
	-	-	-	(62,495)	(170,580)	653	-	(232,422)	
<b>Change in Fund Balance</b>	142,216	2,218	122	(45,950)	(38,843)	13,305	14,992	88,060	
<b>Fund Balance</b>									
Beginning of year	148,472	84,665	159,978	228,134	54,954	140,622	97,774	914,599	
End of year	<u>\$ 290,688</u>	<u>\$ 86,883</u>	<u>\$ 160,100</u>	<u>\$ 182,184</u>	<u>\$ 16,111</u>	<u>\$ 153,927</u>	<u>\$ 112,766</u>	<u>\$ 1,002,659</u>	

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

To the Honorable Mayor and City Council  
City of San Joaquin, California

We have audited the financial statements of the City of San Joaquin, California (the "City") as of and for the year ended June 30, 2008, and have issued our report thereon dated October 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the City Council, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "K. J. [unclear]", with a long horizontal stroke extending to the right.

October 31, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and City Council  
City of San Joaquin, California

We have audited the compliance of the City of San Joaquin (the "City") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

**Internal Control over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

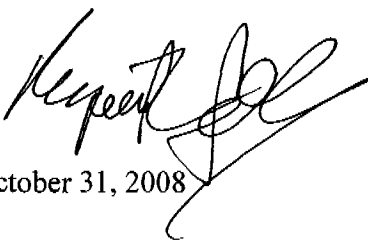
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### **Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of the City as of June 30, 2008, and for the year then ended, and have issued our report thereon dated October 31, 2008. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the City Council, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



October 31, 2008

# CITY OF SAN JOAQUIN

## SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 2008

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Agency or Pass-through Number</b>	<b>Federal Expenditures</b>
U.S. Department of Housing and Urban Development:			
Passed through State Department of Housing and Community Development			
Community Development Block Grant/Reuse	14.228	N/A	546,442
Community Development Block Grant/State's Program	14.228	06-EDBG-2577	24,662
Community Development Block Grant/State's Program	14.228	05-STBG-1574	445,339
			<u>1,016,443</u>
U.S. Department of Homeland Security:			
Passed through Governor's Office of Emergency Services			
Public Assistance Grants	97.036	N/A	<u>867,988</u>
U.S. Department of Agriculture:			
Community Facilities Grant	10.766	N/A	<u>90,900</u>
U.S. Department of Transportation:			
Passed through California Department of Transportation			
Highway Planning and Construction Grants	20.205	STPL-5245	<u>826,188</u>
<i>Total Federal Expenditures</i>			<u>\$ 2,801,519</u>

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE

#### NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal financial assistance is a summary of the cash activity of the City's federal award programs and does not present transactions that would be included in financial statements of the City presented on the accrual basis of accounting, as contemplated by generally accepted accounting principles.

# CITY OF SAN JOAQUIN

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2008

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### A. Summary of Auditor's Results

#### *Financial Statements*

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported
- Non-compliance material to financial statements noted? ☐ Yes ☒ No

#### *Federal Awards*

Internal control over major programs:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☐ Yes ☒ No

#### *Identification of Major Programs*

**CFDA Number**

**Name of Federal Program or Cluster**

97.036

Public Assistance Grants

14.228

Community Development Block Grant

Dollar threshold used to distinguish between

Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

### B. Findings – Financial Statements Audit

None noted.

### C. Findings and Questioned Costs – Major Federal Award Programs Audit

None noted.

# **CITY OF SAN JOAQUIN**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2008**

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### **Summary Schedule of Prior Audit Findings**

There were no prior year audit findings.